



BellSouth Telecommunications, Inc.
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October 18, 1999

REC'D TN
GUY M. HICKS
General Counsel
OCT 19 1999 2 30

EXECUTIVE SECRETARY

VIA HAND DELIVERY

David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Universal Service*
Docket No. 97-00888

Dear Mr. Waddell:

Enclosed are the original and thirteen copies of BellSouth Telecommunications, Inc.'s Comments. Copies of the enclosed are being provided to counsel of record for all parties.

Very truly yours,

Guy M. Hicks

GMH:ch
Enclosure

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BEFORE THE TENNESSEE REGULATORY AUTHORITY

In Re: Universal Service)
Proceeding) Docket No. 97-00888
_____)

COMMENTS OF BELL SOUTH TELECOMMUNICATIONS, INC.

BellSouth Telecommunications, Inc. ("BellSouth"), hereby files its Comments pursuant to the Order of the Tennessee Regulatory Authority ("Authority") entered in the above-referenced docket on September 16, 1999, and states the following:

1. In the Interim Order on Phase II of Universal Service, entered September 16, 1999, the Authority required that each party "submit revised cost studies and supporting calculations, compliant with this Order and the Phase I Order, within fourteen (14) days of the date of this Order." (Order, p. 76). The Order also provided that "each party shall submit comments on the compliant cost studies and revenue benchmark submissions within thirty (30) days." (Id.). BellSouth is filing these comments to comply with that Order.

2. BellSouth's comments relate to the cost study filed by AT&T. It appears to BellSouth that AT&T has put into the HAI Model the inputs approved by the Authority. It is impossible to be sure, however, because AT&T did not provide in its filing the complete HAI Model but rather only the inputs and results (i.e., outputs) of this particular model run.

3. Further, based on the partial filing that AT&T has done, it appears that AT&T has changed the Model since it was presented to the Authority in the Phase II hearing on this matter. A review of the documentation entitled "Scenario Inputs" from the original HAI filing and the most recent one reflects certain differences (copies of each of these pages from the pertinent Models are

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attached hereto as Exhibit A). The original filing listed the model reference as HAI 5.0. The current reference is to HAI 5.0a. Moreover, it appears that there are changes in the workfile, distribution module and expense module. Specifically, a comparison of the two “Scenario Inputs” pages reveals the following:

	<u>Previous AT&T Submission</u> (See Exhibit A, Page 1)	<u>Latest AT&T Submission</u> (See Exhibit A, Page 2)
Workfile Name:	HMWKTN2951851.xls	HMWKTN2951855.xls
Distribution Module Name:	R50a_distribution.xls	R50a_distribution Ga corrected 1027.xls
Expense Module Name:	R50a_expense_WC_LA 2-26-98.xls	R50a_expense_wirecenter.xls

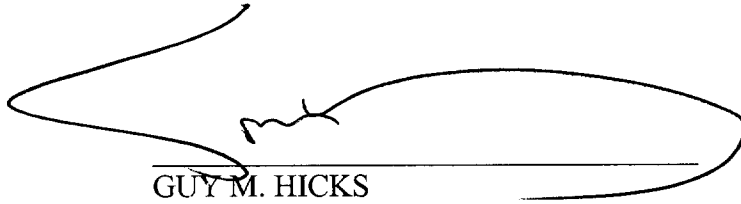
(emphasis added).

4. Based on the cursory information that has been provided, it would appear that the current distribution module is a file from Georgia rather than Tennessee, and that the original expense module may have been changed from one used in Louisiana. Beyond this, however, there is no way to ascertain from the information AT&T has filed how this model differs from the previous one. AT&T has not disclosed in this (or any previous) filing these model changes, an explanation of these changes or the effect of these changes on model results. Also, AT&T has provided so little information about these changes that it is impossible to know to what extent any output changes are attributable to the inputs ordered by the Authority or to the changes to the Model apparently made by AT&T.

5. In light of the above, BellSouth believes that the Authority should direct AT&T to promptly file an explanation of any changes it has made to the model, why these changes have been made, and the effects that these changes have on model outputs. After the Authority and all

interested parties have been provided with adequate information as to these changes, the parties should then have the opportunity to file further comments.

WHEREFORE, BellSouth respectfully requests the entry of an Order requiring AT&T to provide the additional information described above and allowing parties to this proceeding to comment on that filing.

A handwritten signature in black ink, appearing to read "Guy M. Hicks", is written over a horizontal line. The signature is stylized with a large loop on the left and a smaller loop on the right.

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182714

NOTE: This sheet displays all user adjustable inputs which vary from HM 5.0 default settings

Workfile Name: C:\Program Files\HM50\WORKFILES\HMWKTN2951851.XLS
Distribution Module Name: C:\Program Files\HM50\MODULES\R50a_distribution.xls
Feeder Module Name: C:\Program Files\HM50\MODULES\R50a_feeder.xls
Switching Module Name: C:\Program Files\HM50\MODULES\R50a_switching_io.xls
Expense Module Name: C:\Program Files\HM50\MODULES\R50a_expense_WC_LA 2-26-98.xls

Module/Table	Scenario Input	Scenario Value	Default Value
Expense	Cost of Debt	0.0706	0.077
Expense	Debt Fraction	0.4	0.45
Expense	Cost of Equity	0.1102	0.119
Expense	EO Traffic Sensitive Fraction	0.4	0.7
Expense	Motor Vehicles - Economic Life	9.1	8.24
Expense	Garage Work Equipment - Economic Life	18	12.22
Expense	Other Work Equipment - Economic Life	18	13.04
Expense	Buildings - Economic Life	43	46.93
Expense	Furniture - Economic Life	18	15.92
Expense	Office Support Equipment - Economic Life	12	10.78
Expense	Company Comm. Equipment - Economic Life	7	7.4
Expense	General Purpose Computer - Economic Life	7	6.12
Expense	Digital Electronic Switching - Economic Life	17	16.17
Expense	Operator Systems - Economic Life	12	9.41
Expense	Digital Circuit Equipment - Economic Life	11	10.24
Expense	Public Telephone Terminal Equipment - Economic Life	7	7.6
Expense	Poles - Economic Life	35	30.25
Expense	Aerial Cable - metallic - Economic Life	20	20.61
Expense	Aerial Cable - non metallic - Economic Life	30	26.14
Expense	Underground Cable - non metallic - Economic Life	30	26.45
Expense	Buried - metallic - Economic Life	21	21.57
Expense	Buried - non metallic - Economic Life	30	25.91
Expense	Intrabuilding Cable - metallic - Economic Life	22	18.18
Expense	Intrabuilding Cable - non metallic - Economic Life	22	26.11
Expense	Conduit Systems - Economic Life	60	56.19
Expense	Motor Vehicles - Net Salvage %	0.16	0.1121
Expense	Garage Work Equipment - Net Salvage %	-0.01	-0.1071
Expense	Other Work Equipment - Net Salvage %	-0.01	0.0321
Expense	Buildings - Net Salvage %	0.01	0.0187
Expense	Furniture - Net Salvage %	0.09	0.0688
Expense	Office Support Equipment - Net Salvage %	0.28	0.0691
Expense	Company Comm. Equipment - Net Salvage %	0.28	0.0376
Expense	General Purpose Computer - Net Salvage %	0.02	0.0373
Expense	Digital Electronic Switching - Net Salvage %	0.04	0.0297
Expense	Operator Systems - Net Salvage %	0.05	-0.0082
Expense	Digital Circuit Equipment - Net Salvage %	0	-0.0169
Expense	Public Telephone Terminal Equipment - Net Salvage %	0.2	0.0797
Expense	Poles - Net Salvage %	-0.48	-0.8998
Expense	Aerial Cable - metallic - Net Salvage %	-0.15	-0.2303
Expense	Aerial Cable - non metallic - Net Salvage %	-0.2	-0.1753
Expense	Underground Cable - metallic - Net Salvage %	-0.08	-0.1826
Expense	Underground Cable - non metallic - Net Salvage %	-0.2	-0.1458
Expense	Buried - metallic - Net Salvage %	-0.05	-0.0839
Expense	Buried - non metallic - Net Salvage %	-0.09	-0.0858
Expense	Intrabuilding Cable - metallic - Net Salvage %	-0.1	-0.1574
Expense	Intrabuilding Cable - non metallic - Net Salvage %	-0.1	-0.1052
Expense	Conduit Systems - Net Salvage %	-0.05	-0.1034
Labor Adjustments	Regional Labor Adjustment Factor	0.7	1

NOTE: This sheet displays all user adjustable inputs which vary from HM 5.0a default settings

Workfile Name: C:\Program Files\HM50\WORKFILES\HMWKTN2951855.XLS
Distribution Module Name: C:\Program Files\HM50\MODULES\R50a_distribution Ga corrected 1027.xls
Feeder Module Name: C:\Program Files\HM50\MODULES\R50a_feeder.xls
Switching Module Name: C:\Program Files\HM50\MODULES\R50a_switching_io.xls
Expense Module Name: C:\Program Files\HM50\MODULES\R50a_expense_wirecenter.xls

Module/Table	Scenario Input	Scenario Value	Default Value
Expense	Cost of Debt	0.0668	0.077
Expense	Debt Fraction	0.4	0.45
Expense	Cost of Equity	0.1246	0.119
Expense	Directory Listing per line per month	0.15	0
Expense	Distribution Aerial Shring Fraction - 0	0.25	0.5
Expense	Distribution Aerial Shring Fraction - 5	0.25	0.33
Expense	Distribution Buried Shring Fraction - 0	0.5	0.33
Expense	Distribution Buried Shring Fraction - 5	0.5	0.33
Expense	Distribution Buried Shring Fraction - 100	0.5	0.33
Expense	Distribution Buried Shring Fraction - 200	0.5	0.33
Expense	Distribution Buried Shring Fraction - 650	0.5	0.33
Expense	Distribution Buried Shring Fraction - 850	0.5	0.33
Expense	Distribution Buried Shring Fraction - 2550	0.5	0.33
Expense	Distribution Buried Shring Fraction - 5000	0.5	0.33
Expense	Distribution Buried Shring Fraction - 10000	0.5	0.33
Expense	Motor Vehicles - Economic Life	8	8.24
Expense	Garage Work Equipment - Economic Life	23	12.22
Expense	Other Work Equipment - Economic Life	23	13.04
Expense	Buildings - Economic Life	43	46.93
Expense	Furniture - Economic Life	18	15.92
Expense	Office Support Equipment - Economic Life	12	10.78
Expense	Company Comm. Equipment - Economic Life	6	7.4
Expense	General Purpose Computer - Economic Life	7	6.12
Expense	Digital Electronic Switching - Economic Life	17	16.17
Expense	Operator Systems - Economic Life	14	9.41
Expense	Digital Circuit Equipment - Economic Life	11	10.24
Expense	Public Telephone Terminal Equipment - Economic Life	6	7.6
Expense	Poles - Economic Life	37	30.25
Expense	Aerial Cable - metallic - Economic Life	20	20.61
Expense	Aerial Cable - non metallic - Economic Life	30	26.14
Expense	Underground Cable - non metallic - Economic Life	30	26.45
Expense	Buried - metallic - Economic Life	21	21.57
Expense	Buried - non metallic - Economic Life	30	25.91
Expense	Intrabuilding Cable - metallic - Economic Life	22	18.18
Expense	Intrabuilding Cable - non metallic - Economic Life	22	26.11
Expense	Conduit Systems - Economic Life	65	56.19
Expense	Motor Vehicles - Net Salvage %	0.16	0.1121
Expense	Garage Work Equipment - Net Salvage %	-0.01	-0.1071
Expense	Other Work Equipment - Net Salvage %	-0.01	0.0321
Expense	Buildings - Net Salvage %	0.01	0.0187
Expense	Furniture - Net Salvage %	0.09	0.0688
Expense	Office Support Equipment - Net Salvage %	0.28	0.0691
Expense	Company Comm. Equipment - Net Salvage %	0.28	0.0376
Expense	General Purpose Computer - Net Salvage %	0.02	0.0373
Expense	Digital Electronic Switching - Net Salvage %	0.04	0.0297
Expense	Operator Systems - Net Salvage %	0.05	-0.0082
Expense	Digital Circuit Equipment - Net Salvage %	0	-0.0169
Expense	Public Telephone Terminal Equipment - Net Salvage %	0.2	0.0797
Expense	Poles - Net Salvage %	-0.48	-0.8998
Expense	Aerial Cable - metallic - Net Salvage %	-0.15	-0.2303
Expense	Aerial Cable - non metallic - Net Salvage %	-0.2	-0.1753
Expense	Underground Cable - metallic - Net Salvage %	-0.08	-0.1826
Expense	Underground Cable - non metallic - Net Salvage %	-0.2	-0.1458
Expense	Buried - metallic - Net Salvage %	-0.05	-0.0839
Expense	Buried - non metallic - Net Salvage %	-0.09	-0.0858
Expense	Intrabuilding Cable - metallic - Net Salvage %	-0.1	-0.1574
Expense	Intrabuilding Cable - non metallic - Net Salvage %	-0.1	-0.1052
Expense	Conduit Systems - Net Salvage %	-0.05	-0.1034

CERTIFICATE OF SERVICE

I hereby certify that on October 18, 1999, a copy of the foregoing document was served on the parties of record, via hand delivery, fax, or U. S. Mail, postage pre-paid, addressed as follows:

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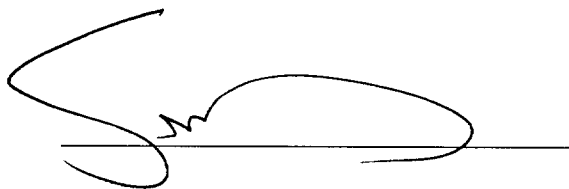
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A handwritten signature in black ink, appearing to be 'Mark Pasko', written over a horizontal line. The signature is stylized with a large loop and a small flourish.